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Muskoka Lake & Lake of Bays

Chestnut Park's Market Report - July to December 31, 2007

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There were no surprises in year-end market data provided by the Muskoka and Haliburton Association of Realtors. Generally the pattern of the recreational marketplace over the last three years has been characterized by stable sales while available inventory has continued to increase. This pattern has not yet caused average sale prices to stabilize (see below).

The available data from the Association at year-end 2007 discloses the following: On the Muskoka Lakes, 241 recreational properties were reported sold at year-end. At the mid point in the year only 91 properties had been reported sold. (These figures do not include exclusive listings. In the past few years, most properties have been sold as multiple listed with the Association. The available data, therefore, fairly accurately reflects the recreational market.) This number compares with 223 sales for 2006, and 216 sales for 2005. 2007 sales represent increases of 8 percent and 11 percent over 2006 and 2005, respectively. These numbers are consistent with forecasts made in past reports, indicating that sales of recreational properties would be in an annual range of 220 to 230. 2007 slightly exceeded that forecast.

In Lake of Bays, sales results were unchanged compared to 2006 and 2005. At year-end, 102 recreational properties were reported sold. At the mid-point of 2007 only 43 properties had sold. This compares with 104 at year-end 2006 and 103 at year-end 2005. Sales numbers for 2007 came in slightly less than forecasted in these reports. We had anticipated sales of between 105 and 115 recreational properties. The same is expected for 2008.

Overall recreational sales for the entire Muskoka-Haliburton area were marginally up compared to total sales for 2006. At year-end 2007, 821 recreational properties sold. This compares to 811 in 2006. 2005 remains a stronger year with recreational sales for the entire region totalling 856 properties.

Notwithstanding that sales have stabilized, average annual sale prices continue to increase, both on Lake of Bays and on the Muskoka Lakes. In 2006 the average sale price of all recreational properties sold on the Muskoka Lakes was \$978,532. On average it took 66 days of marketing time to sell each property. In 2007, the average sale price increased to \$1,133,061, an increase of almost 16 percent. This is a fairly dramatic year-over-year increase. It should be noted that average sale prices for 2007 are based on 241 property sales. A handful of highend sales can fairly dramatically impact prices. In 2007 it took 67 days of marketing time to sell each property.

Average increases in Lake of Bays were more moderate. The average sale price for all recreational properties sold in 2006 was \$510,208. On average it took 96 days of marketing time to sell each property. In 2007 the average sale price increased to \$506,981, an increase of 5 percent compared to 2006. Interestingly, the average days on market dropped considerably. Whereas it took 96 days (on average) for a property to sell in 2006, in 2007 that number dropped to 69 days, a decrease of almost 30 percent.

Overall inventory of recreational properties continues to increase, however, in certain market places, such as Lake of Bays, the pattern is not consistent. On the Muskoka Lakes there were 1,984 recreational properties listed for sale in 2005, 2,025 in 2006, and 2,100 in 2007. Year-over-year, this is an increase of only 3 percent. Although the inventory is increasing it is obviously still insufficient to meet demand, particularly in certain price points, and hence the dramatic increase in average sales price. In Lake of Bays the total number of recreational properties listed has decreased over the last three years. In 2005 there were 1,133 listed properties. This number slightly increased to 1,160 in 2006 and then dropped by 6.5 percent to 1,085. This decline in inventory no doubt accounts for the decline in the average days on market for recreational properties in Lake of Bays in 2007. Overall (for the entire Muskoka-Haliburton marketplace) recreational inventory continues to increase. There were 7,284 properties listed in 2005. This number increased to 7,781 in 2006, and 8,174 in 2007, a year-over-year increase of 5 percent.

Looking forward into 2008, it can be anticipated, based on the above-noted numbers, that both in Lake of Bays and on the Muskoka Lakes, sales should be consistent with sales achieved in 2007. If more recreational inventory comes to market we may not see a dramatic increase in average sale prices year-over-year on the Muskoka Lakes. Pricing will continue to be important. Many properties still spent too long on the market (67 days on average on the Muskoka Lakes). This number can easily be reduced with more realistic pricing.

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